

**OFFICE OF THE
WASHINGTON STATE LIQUOR CONTROL BOARD
Work/Review Session/ June 21, 2005**

The regular meeting of the Washington State Liquor Control Board was called to order at 10:00 a.m., on Tuesday, June 21, 2005 in the Board conference room, 3000 Pacific Avenue S.E., Olympia, Washington, by Chairman Merritt D. Long. Board Member Vera Ing and Board Member Roger Hoen were present. Tony Kim, Administrative Assistant to the Board summarized the minutes.

PURCHASING SERVICES DIVISION: 10:00 – 11:00 a.m.

Staff Present: Pat Kohler, Administrative Director; Heidi Whisman, Acting director; Steve Burnell, Wine Program Manager

Background

Effective January 1, 2005, a price increase was applied to the 100 top selling wines in all liquor stores as described in the short-term price increase of the Wine Implementation Strategy 7 – Retail Pricing:

Short Term

- Complete a pricing analysis on the top 100 selling LCB wines by August 27, 2004 to determine which items are below the market price
- For those items below the market price the LCB will increase the markup formula on those items to have the LCB retail price reflect the market price

Update

Dollar and case sales data for the first quarter of 2005 is now available and has been compiled by staff (see attachment).

- The top 100 wines are down in both dollar and case sales for the first quarter this year compared to first quarter last year.
- All other wines sold by the LCB show a slight increase from first quarter last year.
- Overall, all LCB wines show a slight decrease from first quarter last year.

Next Steps

- Continue to compile and analyze data for second quarter update in early August.
- Begin development of recommendation for moving to the long-term strategy.

Long Term

Use the LCB market share to determine future consideration for markup increases. If the LCB share rises to over 10% as compared with the private sector a markup price increase will take place.

No decisions were made at this meeting.

The Board heard testimonies from Terry Atoms (Ste. Michelle Wine Estates), Scott Buchanan (E & J Gallo), Cliff Finch (Washington Food Industry), and Holly Chisa, (Contract Lobbyist for Alberstons).

The executive session was convened at 1:30 p.m. and adjourned at 2:30 p.m.

The meeting was adjourned at 2:30 p.m.

Merritt D. Long
Chairman

Vera Ing
Board Member

Roger Hoen
Board Member